

SENATE RECORD VOTE ANALYSIS

104th Congress
2nd Session

Vote No. 128

May 22, 1996, 11:42 a.m.
Page S-5473 Temp. Record

BUDGET RESOLUTION/Supermajority Requirement to Raise Taxes

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 1997-2002 . . . S. Con. Res. 57. Exon motion to table the Kyl amendment No. 3995.

ACTION: MOTION TO TABLE AGREED TO, 59-41

SYNOPSIS: As reported, S. Con. Res. 57, the Concurrent Budget Resolution for fiscal years 1997-2002, will balance the Federal budget in fiscal year (FY) 2002 by slowing the overall rate of growth in spending over the next 6 years to below the rate of growth in revenue collections. The rate of growth in entitlements such as Medicare, Medicaid, the Aid to Families with Dependent Children program, and the Earned Income Credit will be slowed. No changes will be made to the Social Security program, the spending for which will grow from \$348 billion in FY 1996 to \$467 billion in FY 2002. Defense spending will be essentially frozen at its present level.

The Kyl amendment would express the sense of the Senate that, "this concurrent resolution on the budget assumes fundamental tax reform should be accompanied by a proposal to amend the Constitution of the United States to require a supermajority vote in each House of Congress to approve tax increases." The amendment would also make the following three findings: the Nation's current tax system is indefensible, being overly complex, burdensome, and severely limiting to economic opportunity for all Americans; fundamental tax reform should be undertaken as soon as practicable to produce a tax system that is fairer, flatter, and simpler; and the stability and longevity of any new tax system designed to achieve these goals should be guaranteed with a supermajority vote requirement to raise taxes.

Following debate, Senator Exon moved to table the Kyl amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

Those favoring the motion to table contended:

The Kyl amendment would have very far reaching effects. It not only would call for tax reform, it would call for the specific

(See other side)

YEAS (59)			NAYS (41)			NOT VOTING (0)	
Republicans (13 or 25%)	Democrats (46 or 98%)		Republicans (40 or 75%)	Democrats (1 or 2%)		Republicans (0)	Democrats (0)
Chafee	Akaka	Inouye	Abraham	Helms	Wyden		
Cohen	Baucus	Johnston	Ashcroft	Hutchison			
DeWine	Biden	Kennedy	Bennett	Inhofe			
Domenici	Bingaman	Kerrey	Bond	Kempthorne			
Gregg	Boxer	Kerry	Brown	Kyl			
Hatfield	Bradley	Kohl	Burns	Lott			
Jeffords	Breaux	Lautenberg	Campbell	Mack			
Kassebaum	Bryan	Leahy	Coats	McCain			
Lugar	Bumpers	Levin	Cochran	McConnell			
Simpson	Byrd	Lieberman	Coverdell	Murkowski			
Snowe	Conrad	Mikulski	Craig	Nickles			
Specter	Daschle	Moseley-Braun	D'Amato	Pressler			
Stevens	Dodd	Moynihan	Dole	Roth			
	Dorgan	Murray	Faircloth	Santorum			
	Exon	Nunn	Frist	Shelby			
	Feingold	Pell	Gorton	Smith			
	Feinstein	Pryor	Gramm	Thomas			
	Ford	Reid	Grams	Thompson			
	Glenn	Robb	Grassley	Thurmond			
	Graham	Rockefeller	Hatch	Warner			
	Harkin	Sarbanes					
	Heflin	Simon					
	Hollings	Wellstone					

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

"reforms" of a flat tax and a supermajority vote requirement to raise taxes. Presumably, that requirement would be for a two-thirds majority vote of both Houses, because that is the requirement that is in the proposed Kyl constitutional amendment. Many of us support tax reform, but we are not about to endorse a particular course of action without first carefully considering all the alternatives. We certainly are not about to endorse the proposed supermajority vote requirement, because we think that it would infringe on the constitutional right of Members to raise taxes. We therefore urge our colleagues to table the Kyl amendment.

Those opposing the motion to table contended:

The Kyl amendment has two parts. First, it expresses support for fundamental tax reform, and second, it expresses the sense of the Senate that once such reform is achieved, Congress should pass a proposal to amend the Constitution to require a supermajority vote in each House to raise taxes. The need for fundamental tax reform is difficult to dispute. According to the Internal Revenue Service, by the time that Americans had filed their income tax returns on April 15, they had spent about 1.7 billion hours on tax-related paperwork, and businesses had spent another 3.4 billion hours. According to the Tax Foundation, the cost of just preparing and filing these tax returns was nearly \$200 billion. In total, the Government collected \$1.42 trillion. A compliance cost of \$200 billion to collect \$1.42 trillion clearly proves that our current system is much too complex. Americans are understandably frustrated and angry with this tax system. We need a fairer, flatter, and simpler system.

The second part of the Kyl amendment would require a supermajority vote to raise taxes. The American people also strongly support this proposal. Over the years, the burden of Federal, State, and local taxation has gradually grown, to the point now that direct and indirect taxes take 50 percent or more of most middle-class families' incomes. The problem is not that the American people are taxed too little, but that the Government spends too much. This budget resolution before us demonstrates that it is possible to balance the budget without raising taxes. In fact, it will cut taxes by providing a \$500 per child tax credit, but, by responsibly restraining the growth in spending to a rate that is below the projected rate of growth in revenues (revenues will increase because a growing economy will create a larger tax base), it still will bring the budget into balance in 6 years. Even without any new taxes, and with the new tax credit, revenues will rise from \$1.42 trillion to \$1.85 trillion.

Experience has shown that lower tax rates are beneficial to the economy. The tax cuts of the early 1980s are a case in point. They started the longest peacetime expansion of the economy in our Nation's history. Revenues to the Treasury increased as a result, from \$599.3 billion in fiscal year 1981 to \$990.7 billion in 1989. High tax rates, on the other hand, discourage work, production, savings, and investment. The result is ultimately less economic activity to tax, and collections decrease. For instance, the taxpayers responded to President Clinton's 1993 large increase in marginal tax rates by reducing their taxable incomes by nearly \$25 billion. They reduced their incomes by saving less, investing less, and creating fewer jobs. The economy paid the price in terms of slower growth.

It is interesting to note that revenues, as a percentage of the gross domestic product, have actually fluctuated around a very narrow band: 18 percent to 20 percent of the GDP for the last 40 years. In fact, revenues amounted to about 19 percent of GDP when the top marginal income tax rate was in the 90 percent range in the 1950s, and they also amounted to just under 19 percent when the top marginal rate was in the 28 percent range in the 1980s. The reason for this counter-intuitive result is that tax rate changes have a greater effect on how well or how poorly the economy performs than they do on revenue collections. Higher tax rates depress economic performance and thus depress revenues. The key is whether tax policy fosters economic growth and opportunity, or results in a smaller and weaker economy.

A supermajority vote requirement to raise taxes is not new. In recent years a dozen States have adopted various forms of that requirement, and they have found that it works. The Federal Government should learn from this example. It should reform the tax code, and then make it difficult for Congress to raise taxes. We urge our colleagues to support this amendment.